

# Leading organizational change INTO THE FUTURE

By Sooky Lee *Vice President, Human Resources, ADP Canada*

When we look back to the 20th Century, the human resources (HR) function was simpler, with fewer regulations, less complexity, and a reciprocal sense of loyalty between employer and employee that formed the foundation of a professional journey.

Fast forward to the 21st Century. Today companies operate in a complex, changeable regulatory environment, with a five-generation, highly mobile, multi-career workforce that expects more from employment than a paycheck.

It's a more chaotic world – but the core truth in business that applies as much today as it did in the previous century is: a business is only as good as its people. It's a company's workforce that drives business results – and employees are a key profit centre, not a cost centre.

The challenge from an HR standpoint is that 20th Century tools and approaches don't work in the fast-changing, 21st Century workplace. Strategic people management – where HR initiatives are directly tied to business goals – is critical.

But there's a disconnect: according to the Conference Board of Canada, only 33 per

cent of Canadian organizations consider the HR function a full partner in developing and implementing business strategy. HR provides input into business strategy in fewer than half of companies. Not surprisingly, only 22 per cent of total HR time is spent on strategic business activities.

As part of this strategic planning, HR executives play a key role in enabling the success of an organization's leaders. More importantly, they can ensure there is a good succession strategy in place to allow the continued growth and success of the business and its people.

## **The evolving role of HR executives**

Today's corporate landscape requires that HR executives step up to the critical task of identifying the next-generation of leaders and ensuring those future leaders understand the expectations the company has for them. As well, the HR leadership team must continue to support leaders in their roles with solid counsel and access to ongoing development and coaching. HR can also take a lead

in holding leaders accountable for meeting their obligations to their employees and the company. Strong, accountable leadership, along with a great culture and abundant opportunities for growth, are the ingredients for a strong employer brand.

HR executives need to be collaborating at the highest levels of the organization to apply the new standards that ensure the right skills and the right people are in place to support business success. Three key standards emerge as critical to driving growth:

- Building an employer brand that attracts and retains the best talent.
- Leveraging workforce analytics for a competitive advantage.
- Thoughtfully managing the HR function to create focus on the strategies that will inspire employees, leverage talent – and manage through change and ambiguity.

## **What the data tells us**

ADP recently conducted a study with Environics Research surveying HR decision-makers in Canadian companies with more than 50 employees. The survey results revealed that HR professionals say leadership is among the most critical factors for the success of their organizations; yet only 33 per cent believe strongly that their company has succession planning and leadership development practices in place.

HR professionals also cited culture, employee retention, and strategic planning as critical to the success of their organization, but many are uncertain about their organization's adaptability.

In fact, just 38 per cent strongly agree their company is well-equipped to adapt quickly to the changing needs of the workforce. And just over one-third of HR executives

strongly view their company as a market leader in leveraging workforce data and insights to make strategic decisions.

Almost three-quarters strongly agree that HR professionals are handling an increasing workload, driving a trend toward a growing use of outsourcing tactical, transactional tasks in favour of more strategic work.

IDC Canada confirms this growing trend towards outsourcing – Canadian spending on HR outsourcing services is expected to grow to \$2.4 billion in 2016.

So what do these numbers tell us? As we look ahead to the next year, we will likely see HR executives working to build strong programs for succession planning and leadership development. They may face strong opposition; however, they will push through day-to-day demands to get at the strategic

deliverables that will help position the organization for continued success.

## **Looking ahead**

By channeling HR resources and expertise toward more strategic, developmental programs, companies can build employee skills, engagement and retention – and provide a sustainable foundation for their success and growth.

HR has a key role to play in identifying future leaders, preparing them to succeed, and ensuring they have the organizational support to get things done. Companies that don't leverage the support and expertise of their HR teams will likely struggle to adapt, evolve, and thrive.

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